

**CONFERENCE COMMITTEE REPORT
DIGEST FOR ESB 609**

Citations Affected: IC 6-3.5.

Synopsis: County income tax distributions. Distributes county adjusted gross income tax (CAGIT) revenue to civil taxing units and school corporations and county option income tax (COIT) revenue to civil taxing units according to a formula that: (1) excludes the portion of property taxes used to pay debt issued after June 30, 2005; and (2) includes the previous year's local income tax distribution. Provides that the department of state revenue shall make adjustments to increase a county's certified distribution of CAGIT, COIT, or county economic development income tax (CEDIT) revenue when a county increases the tax rate, in the same manner required when the county initially imposes the tax. **(This conference committee report makes various technical corrections to the text of the bill and removes the amendments made by the house of representatives, including a change in the: (1) residency date for CAGIT, COIT, CEDIT, and municipal option income taxes from January 1 to July 1; and (2) procedures and formula for distributing county option income taxes to the Indianapolis public transportation corporation.)**

Effective: Upon passage; July 1, 2005; January 1, 2006.

Adopted

Rejected

CONFERENCE COMMITTEE REPORT

MR. SPEAKER:

Your Conference Committee appointed to confer with a like committee from the Senate upon Engrossed House Amendments to Engrossed Senate Bill No. 609 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the Senate recede from its dissent from all House amendments and that the Senate now concur in all House amendments to the bill and that the bill be further amended as follows:

- 1 Delete everything after the enacting clause and insert the following:
- 2 SECTION 1. IC 6-3.5-1.1-1.1 IS ADDED TO THE INDIANA
- 3 CODE AS A NEW SECTION TO READ AS FOLLOWS
- 4 [EFFECTIVE JANUARY 1, 2006]: **Sec. 1.1. (a) For purposes of**
- 5 **allocating the certified distribution made to a county under this**
- 6 **chapter among the civil taxing units and school corporations in the**
- 7 **county, the allocation amount for a civil taxing unit or school**
- 8 **corporation is the amount determined using the following formula:**
- 9 **STEP ONE: Determine the sum of the total property taxes**
- 10 **being collected by the civil taxing unit or school corporation**
- 11 **during the calendar year of the distribution.**
- 12 **STEP TWO: Determine the sum of the following:**
- 13 **(A) Amounts appropriated from property taxes to pay the**
- 14 **principal of or interest on any debenture or other debt**
- 15 **obligation issued after June 30, 2005, other than an**
- 16 **obligation described in subsection (b).**
- 17 **(B) Amounts appropriated from property taxes to make**
- 18 **payments on any lease entered into after June 30, 2005, other**
- 19 **than a lease described in subsection (c).**
- 20 **(C) The proceeds of any property that are:**
- 21 **(i) received as the result of the issuance of a debt obligation**

1 described in clause (A) or a lease described in clause (B);
 2 and
 3 (ii) appropriated from property taxes for any purpose
 4 other than to refund or otherwise refinance a debt
 5 obligation or lease described in subsection (b) or (c).
 6 **STEP THREE: Subtract the STEP TWO amount from the**
 7 **STEP ONE amount.**
 8 **STEP FOUR: Determine the sum of:**
 9 (A) the STEP THREE amount; plus
 10 (B) the civil taxing unit's or school corporation's certified
 11 distribution for the previous calendar year.
 12 (b) Except as provided in this subsection, an appropriation from
 13 property taxes to repay interest and principal of a debt obligation
 14 is not deducted from the allocation amount for a civil taxing unit or
 15 school corporation if:
 16 (1) the debt obligation was issued; and
 17 (2) the proceeds appropriated from property taxes;
 18 to refund or otherwise refinance a debt obligation or a lease issued
 19 before July 1, 2005. However, an appropriation from property
 20 taxes related to a debt obligation issued after June 30, 2005, is
 21 deducted if the debt extends payments on a debt or lease beyond
 22 the time in which the debt or lease would have been payable if the
 23 debt or lease had not been refinanced or increases the total amount
 24 that must be paid on a debt or lease in excess of the amount that
 25 would have been paid if the debt or lease had not been refinanced.
 26 The amount of the deduction is the annual amount for each year of
 27 the extension period or the annual amount of the increase over the
 28 amount that would have been paid.
 29 (c) Except as provided in this subsection, an appropriation from
 30 property taxes to make payments on a lease is not deducted from
 31 the allocation amount for a civil taxing unit or school corporation
 32 if:
 33 (1) the lease was issued; and
 34 (2) the proceeds were appropriated from property taxes;
 35 to refinance a debt obligation or lease issued before July 1, 2005.
 36 However, an appropriation from property taxes related to a lease
 37 entered into after June 30, 2005, is deducted if the lease extends
 38 payments on a debt or lease beyond the time in which the debt or
 39 lease would have been payable if the debt or lease had not been
 40 refinanced or increases the total amount that must be paid on a
 41 debt or lease in excess of the amount that would have been paid if
 42 the debt or lease had not been refinanced. The amount of the
 43 deduction is the annual amount for each year of the extension
 44 period or the annual amount of the increase over the amount that
 45 would have been paid.
 46 **SECTION 2. IC 6-3.5-1.1-9 IS AMENDED TO READ AS**
 47 **FOLLOWS [EFFECTIVE JULY 1, 2005]:** Sec. 9. (a) Revenue derived
 48 from the imposition of the county adjusted gross income tax shall, in
 49 the manner prescribed by this section, be distributed to the county that
 50 imposed it. The amount to be distributed to a county during an ensuing
 51 calendar year equals the amount of county adjusted gross income tax

revenue that the department, after reviewing the recommendation of the budget agency, determines has been:

(1) received from that county for a taxable year ending before the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county adjusted gross income tax made in the state fiscal year.

(b) Before August 2 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall certify to the county auditor of each adopting county the amount determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted under subsections (c), (d), (e), (f), and (g). The department shall provide with the certification an informative summary of the calculations used to determine the certified distribution.

(c) The department shall certify an amount less than the amount determined under subsection (b) if the department, after reviewing the recommendation of the budget agency, determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 10(b) of this chapter.

(f) This subsection applies to a county that:

(1) initially imposes a the county adjusted gross income tax; or

(2) increases the county adjusted income tax rate;

under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through

(a)(2) in the manner provided in subsection (c).

(g) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 3.3 of this chapter beginning not later than the tenth month after the month in which additional revenue from the tax authorized under section 3.3 of this chapter is initially collected.

SECTION 3. IC 6-3.5-1.1-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 12. (a) The part of a county's certified distribution for a calendar year that is to be used as property tax replacement credits shall be allocated by the county auditor among the civil taxing units and school corporations of the county.

(b) Except as provided in section 13 of this chapter, the amount of property tax replacement credits that each civil taxing unit and school corporation in a county is entitled to receive during a calendar year equals the product of:

(1) that part of the county's certified distribution that is dedicated to providing property tax replacement credits for that same calendar year; multiplied by

(2) a fraction:

(A) The numerator of the fraction equals the ~~sum of the total property taxes being collected by the civil taxing unit or school corporation during that calendar year; plus with respect to a civil taxing unit; the amount of federal revenue sharing funds and certified shares received by it during that calendar year to the extent that they are used to reduce its property tax levy below the limit imposed by IC 6-1.1-18.5 for that same calendar year.~~ **allocation amount for the civil taxing unit or school corporation during that calendar year.**

(B) The denominator of the fraction equals the sum of the ~~total property taxes being collected by all civil taxing units and school corporations; plus the amount of federal revenue sharing funds and certified shares received by all civil taxing units in the county to the extent that they are used to reduce the civil taxing units' property tax levies below the limits imposed by IC 6-1.1-18.5 for that same calendar year.~~ **allocation amounts for all the civil taxing units and school corporations of the county for that calendar year.**

(c) The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit and school corporation in the auditor's county is entitled to receive **under this section**. The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits it is entitled to receive (after adjustment made under section 13 of this chapter) **under this section** during that calendar year. The county auditor shall also certify these distributions to the county treasurer.

SECTION 4. IC 6-3.5-1.1-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 14. (a) In determining the amount of property tax replacement credits civil taxing

units and school corporations of a county are entitled to receive during a calendar year, the department of local government finance shall consider only property taxes imposed on tangible property that was assessed in that county.

(b) If a civil taxing unit or a school corporation is located in more than one (1) county and receives property tax replacement credits from one (1) or more of the counties, then the property tax replacement credits received from each county shall be used only to reduce the property tax rates that are imposed within the county that distributed the property tax replacement credits.

(c) A civil taxing unit shall treat any property tax replacement credits that it receives or is to receive during a particular calendar year as a part of its property tax levy for that same calendar year for purposes of fixing its budget and for purposes of the property tax levy limits imposed by IC 6-1.1-18.5.

(d) Subject to subsection (e), if a civil taxing unit or school corporation of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which property tax replacement credits are being distributed, the civil taxing unit or school corporation is entitled to use the property tax replacement credits distributed to the civil taxing unit or school corporation for any purpose for which a property tax levy could be used.

~~(d)~~ (e) A school corporation shall treat any property tax replacement credits that the school corporation receives or is to receive during a particular calendar year as a part of its property tax levy for its general fund, debt service fund, capital projects fund, transportation fund, **school bus replacement fund**, and special education preschool fund in proportion to the levy for each of these funds for that same calendar year for purposes of fixing its budget and for purposes of the property tax levy limits imposed by IC 6-1.1-19. A school corporation shall allocate the property tax replacement credits described in this subsection to all ~~five (5)~~ **six (6)** funds in proportion to the levy for each fund.

SECTION 5. IC 6-3.5-1.1-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 15. (a) As used in this section, ~~"attributed levy"~~ **"attributed allocation amount"** of a civil taxing unit **for a calendar year** means the sum of:

(1) ~~the ad valorem property tax levy of the civil taxing unit that is currently being collected at the time the allocation is made; plus~~ **allocation amount of the civil taxing unit for that calendar year; plus**

(2) the current ad valorem property tax levy of any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the civil taxing unit; plus

~~(3) the amount of federal revenue sharing funds and certified shares that were used by the civil taxing unit (or any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the civil taxing unit) to reduce its ad valorem~~

property tax levies below the limits imposed by IC 6-1.1-18.5; plus
~~(4)~~ (3) in the case of a county, an amount equal to the property
 taxes imposed by the county in 1999 for the county's welfare fund
 and welfare administration fund.

(b) The part of a county's certified distribution that is to be used as
 certified shares shall be allocated only among the county's civil taxing
 units. Each civil taxing unit of a county is entitled to receive a
 percentage of the certified shares to be distributed in the county equal
 to the ratio of its attributed levy to the total attributed levies of all civil
 taxing units of the county: **certified share during a calendar year in
 an amount determined in STEP TWO of the following formula:**

STEP ONE: Divide:

**(A) the attributed allocation amount of the civil taxing unit
 during that calendar year; by**

**(B) the sum of the attributed allocation amounts of all the
 civil taxing units of the county during that calendar year.**

**STEP TWO: Multiply the part of the county's certified
 distribution that is to be used as certified shares by the STEP
 ONE amount.**

(c) The local government tax control board established by
 IC 6-1.1-18.5-11 shall determine the attributed levies of civil taxing
 units that are entitled to receive certified shares during a calendar year.
 If the ad valorem property tax levy of any special taxing district,
 authority, board, or other entity is attributed to another civil taxing unit
 under subsection ~~(b)(2)~~, **(a)(2)**, then the special taxing district,
 authority, board, or other entity shall not be treated as having an
 attributed ~~levy~~ **allocation amount** of its own. The local government tax
 control board shall certify the attributed ~~levy~~ **allocation** amounts to the
 appropriate county auditor. The county auditor shall then allocate the
 certified shares among the civil taxing units of the auditor's county.

(d) Certified shares received by a civil taxing unit shall be treated as
 additional revenue for the purpose of fixing its budget for the calendar
 year during which the certified shares will be received. The certified
 shares may be allocated to or appropriated for any purpose, including
 property tax relief or a transfer of funds to another civil taxing unit
 whose levy was attributed to the civil taxing unit in the determination
 of its attributed ~~levy~~ **allocation amount**.

SECTION 6. IC 6-3.5-6-1.1 IS ADDED TO THE INDIANA CODE
 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 JANUARY 1, 2006]: **Sec. 1.1. (a) For purposes of allocating the
 certified distribution made to a county under this chapter among
 the civil taxing units in the county, the allocation amount for a civil
 taxing unit is the amount determined using the following formula:**

**STEP ONE: Determine the total property taxes that are first
 due and payable to the civil taxing unit during the calendar
 year of the distribution plus, for a county, an amount equal to
 the property taxes imposed by the county in 1999 for the
 county's welfare fund and welfare administration fund.**

STEP TWO: Determine the sum of the following:

**(A) Amounts appropriated from property taxes to pay the
 principal of or interest on any debenture or other debt**

obligation issued after June 30, 2005, other than an obligation described in subsection (b).

(B) Amounts appropriated from property taxes to make payments on any lease entered into after June 30, 2005, other than a lease described in subsection (c).

(C) The proceeds of any property that are:

(i) received as the result of the issuance of a debt obligation described in clause (A) or a lease described in clause (B); and

(ii) appropriated from property taxes for any purpose other than to refund or otherwise refinance a debt obligation or lease described in subsection (b) or (c).

STEP THREE: Subtract the STEP TWO amount from the STEP ONE amount.

STEP FOUR: Determine the sum of:

(A) the STEP THREE amount; plus

(B) the civil taxing unit or school corporation's certified distribution for the previous calendar year.

(b) Except as provided in this subsection, an appropriation from property taxes to repay interest and principal of a debt obligation is not deducted from the allocation amount for a civil taxing unit if:

(1) the debt obligation was issued; and

(2) the proceeds appropriated from property taxes;

to refund or otherwise refinance a debt obligation or a lease issued before July 1, 2005. However, an appropriation from property taxes related to a debt obligation issued after June 30, 2005, is deducted if the debt extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if the debt or lease had not been refinanced or increases the total amount that must be paid on a debt or lease in excess of the amount that would have been paid if the debt or lease had not been refinanced. The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid.

(c) Except as provided in this subsection, an appropriation from property taxes to make payments on a lease is not deducted from the allocation amount for a civil taxing unit if:

(1) the lease was issued; and

(2) the proceeds were appropriated from property taxes;

to refinance a debt obligation or lease issued before July 1, 2005. However, an appropriation from property taxes related to a lease entered into after June 30, 2005, is deducted if the lease extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if it had not been refinanced or increases the total amount that must be paid on a debt or lease in excess of the amount that would have been paid if the debt or lease had not been refinanced. The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid.

SECTION 7. IC 6-3.5-6-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 17. (a) Revenue

derived from the imposition of the county option income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount that is to be distributed to a county during an ensuing calendar year equals the amount of county option income tax revenue that the department, after reviewing the recommendation of the budget agency, determines has been:

(1) received from that county for a taxable year ending in a calendar year preceding the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county option income tax made in the state fiscal year.

(b) Before August 2 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall certify to the county auditor of each adopting county the amount determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted, as necessary, under subsections (c), (d), and (e). The department shall provide with the certification an informative summary of the calculations used to determine the certified distribution.

(c) The department shall certify an amount less than the amount determined under subsection (b) if the department, after reviewing the recommendation of the budget agency, determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) This subsection applies to a county that:

(1) initially imposed a the county option income tax; or

(2) increases the county option income tax rate;

under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to

certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c).

(f) One-twelfth (1/12) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 16 of this chapter to the appropriate county treasurer on the first day of each month of that calendar year.

(g) Upon receipt, each monthly payment of a county's certified distribution shall be allocated among, distributed to, and used by the civil taxing units of the county as provided in sections 18 and 19 of this chapter.

(h) All distributions from an account established under section 16 of this chapter shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

SECTION 8. IC 6-3.5-6-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

- (1) replace the amount, if any, of property tax revenue lost due to the allowance of an increased homestead credit within the county;
- (2) fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);
- (3) fund the operation of a public transportation corporation as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42;
- (4) make payments permitted under IC 36-7-15.1-17.5;
- (5) make payments permitted under subsection (i); and
- (6) make distributions of distributive shares to the civil taxing units of a county.

(b) The county auditor shall retain from the payments of the county's certified distribution, an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. This money shall be distributed to the civil taxing units and school corporations of the county as though they were property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to the allowance of an increased homestead credit.

(c) The county auditor shall retain the amount, if any, specified by the county fiscal body for a particular calendar year under subsection (i), IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified distribution for that same calendar year. The county auditor shall distribute amounts retained under this subsection to the county.

(d) All certified distribution revenues that are not retained and distributed under subsections (b) and (c) shall be distributed to the civil taxing units of the county as distributive shares.

(e) The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of the following:

- (1) The amount of revenue that is to be distributed as distributive shares during that month; multiplied by
- (2) A fraction. The numerator of the fraction equals the ~~total~~ property taxes that are first due and payable to the civil taxing unit

during the calendar year in which the month falls, plus, for a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund: **allocation amount for the civil taxing unit for the calendar year in which the month falls.** The denominator of the fraction equals the sum of the total property taxes that are first due and payable to all civil taxing units of the county during the calendar year in which the month falls, plus an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund: **allocation amounts of all the civil taxing units of the county for the calendar year in which the month falls.**

(f) The department of local government finance shall provide each county auditor with the fractional amount of distributive shares that each civil taxing unit in the auditor's county is entitled to receive monthly under this section.

(g) Notwithstanding subsection (e), if a civil taxing unit of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which distributive shares are being distributed under this section, that civil taxing unit is entitled to receive a part of the revenue to be distributed as distributive shares under this section within the county. The fractional amount such a civil taxing unit is entitled to receive each month during that calendar year equals the product of the following:

(1) The amount to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the budget of that civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all civil taxing units of that county for that calendar year.

(h) If for a calendar year a civil taxing unit is allocated a part of a county's distributive shares by subsection (g), then the formula used in subsection (e) to determine all other civil taxing units' distributive shares shall be changed each month for that same year by reducing the amount to be distributed as distributive shares under subsection (e) by the amount of distributive shares allocated under subsection (g) for that same month. The department of local government finance shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

(i) Notwithstanding any other law, a county fiscal body may pledge revenues received under this chapter to the payment of bonds or lease rentals to finance a qualified economic development tax project under IC 36-7-27 in that county or in any other county if the county fiscal body determines that the project will promote significant opportunities for the gainful employment or retention of employment of the county's residents.

SECTION 9. IC 6-3.5-7-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 11. (a) Revenue derived from the imposition of the county economic development income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it.

(b) Before August 2 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall certify to the county auditor of each adopting county the sum of the amount of county economic development income tax revenue that the department determines has been:

(1) received from that county for a taxable year ending before the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county economic development income tax made in the state fiscal year plus the amount of interest in the county's account that has been accrued and has not been included in a certification made in a preceding year. The amount certified is the county's certified distribution, which shall be distributed on the dates specified in section 16 of this chapter for the following calendar year. The amount certified shall be adjusted under subsections (c), (d), (e), (f), and (g). The department shall provide with the certification an informative summary of the calculations used to determine the certified distribution.

(c) The department shall certify an amount less than the amount determined under subsection (b) if the department, after reviewing the recommendation of the budget agency, determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) After reviewing the recommendation of the budget agency, the department shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 16(b) of this chapter.

(f) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the amount of any tax increase imposed under section 25 or 26 of this chapter to provide additional homestead credits as provided in those provisions.

(g) This subsection applies to a county that:

(1) initially imposed a the county economic development income tax; or

(2) increases the county economic development income rate;

1 under this chapter in the same calendar year in which the department
 2 makes a certification under this section. The department, after
 3 reviewing the recommendation of the budget agency, shall adjust the
 4 certified distribution of a county to provide for a distribution in the
 5 immediately following calendar year and in each calendar year
 6 thereafter. The department shall provide for a full transition to
 7 certification of distributions as provided in subsection (b)(1) through
 8 (b)(2) in the manner provided in subsection (c).

9 **SECTION 10. [EFFECTIVE JANUARY 1, 2006] (a) The**
 10 **definitions in IC 6-3.5 apply throughout this SECTION.**

11 **(b) IC 6-3.5-1.1-12, IC 6-3.5-1.1-14, and IC 6-3.5-1.1-15, all as**
 12 **amended by this act, and IC 6-3.5-1.1-1.1, as added by this act,**
 13 **apply to the allocation among the civil taxing units and school**
 14 **corporations of the certified distribution of county adjusted gross**
 15 **income tax revenue made to a county for a year beginning after**
 16 **December 31, 2005.**

17 **(c) IC 6-3.5-6-18, as amended by this act, and IC 6-3.5-6-1.1, as**
 18 **added by this act, apply to the allocation among the civil taxing**
 19 **units of the certified distribution of county option income tax**
 20 **revenue made to a county for a year beginning after December 31,**
 21 **2005.**

22 **SECTION 11. [EFFECTIVE UPON PASSAGE] Notwithstanding**
 23 **IC 6-3.5-6-17(b) and IC 6-3.5-7-11(b), the department of state**
 24 **revenue shall, before August 2, 2005, adjust the certified**
 25 **distribution of a county made on or before August 2, 2004, in**
 26 **accordance with IC 6-3.5-6-17(e) and IC 6-3.5-7-11(g), both as**
 27 **amended by this act.**

28 **SECTION 12. An emergency is declared for this act.**

(Reference is to ESB 609 as reprinted March 29, 2005.)

Conference Committee Report
on
Engrossed Senate Bill 609

Signed by:

Senator Kenley
Chairperson

Representative Espich

Senator Hume

Representative Crawford

Senate Conferees

House Conferees